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Auxiliary information (150) representing binary or multi-level (M≥2) logical values is embedded into successive segments (110) of an audio, video or other data signal in response to a user request to download the data signal via an on-line distributor (350) on a computer network such as the Internet. To avoid unnecessary delays in providing the data signal to the user, the data signal is pre-processed to provide two sets or copies of data (230, 235). One set (230) of the data contains segments with an embedded binary "0", while the other set (235) contains corresponding segments with an embedded binary "1". Successive segments are selected from one of the two sets to provide a time-multiplexed composite data signal (230) that has the desired content, but with an embedded binary data sequence that identifies the user.